

**Bond No.**

Home Office Address: \_\_\_\_\_

*(Number)                      (Street)                      (City)                      (State)*

**Item 3.** Bond Period: from the beginning of \_\_\_\_\_ ; subject, however, to Section 1.  
(Month, Day, Year)

PREMIUM

- Item 6.** The Insured by the acceptance of this bond gives notice to the Surety terminating or canceling prior bond(s) or
- (a) Notices, approvals, and requests required by the provisions hereof shall be sent to the Surety addressed to it at the address designated in Item 1.
  - (b) Notices, acceptances, and requests required to be sent to the Insured shall be sent to the Insured addressed to it at the address designated in Item 12.
  - (c) Notices and requests required to be sent to the United States of America, acting through the Administrator of the Rural Development, shall be addressed to the District Director,

Rural Development, at \_\_\_\_\_  
\_\_\_\_\_

Signed, sealed and dated this \_\_\_\_\_ day of \_\_\_\_\_, 20 \_\_\_\_\_

\_\_\_\_\_  
(Company)

By \_\_\_\_\_

\_\_\_\_\_  
(Title)

## INSURED AGREEMENT

The Surety, in consideration of the payment of the premium, and subject to the Declarations made a part hereof, the General Agreements, conditions and Limitations, and other terms of this bond, agrees to indemnify the Insured against any loss of money or other property belonging to the Insured or in which the Insured has a pecuniary interest or which is held by the Insured as bailee, trustee, or agent or in any other capacity or whether or not the Insured is liable for the loss thereof which the Insured shall sustain and discover as provided in Section 1 through any fraudulent or dishonest act or acts committed by any of the Employees occupying any position named in the Schedule set forth under Item 4 of the Declarations, or added thereto as hereinafter provided, whether acting alone or in collusion with others, not exceeding, however, the amount of indemnity stated opposite the name of such position in said Schedule or for which added thereto.

## GENERAL AGREEMENTS

### METHOD OF CLAIM PAYMENT

A. Settlement of any claim hereunder shall be made by check or draft payable to the Insured, except as stipulated in item 8 of the Declarations.

### LOSS UNDER PRIOR BOND OR POLICY

B. If the coverage of this bond is substituted for any prior bond or policy of insurance carried by the Insured or by any predecessor in interest of the Insured, which prior bond or policy is terminated, canceled, or allowed to expire as of the time of such substitution, the Surety agrees that this bond applies to loss which is discovered as provided in Section 1 of the Conditions and Limitations and which would have been recoverable by the Insured or such predecessor under such prior bond or policy except for the fact that the time within which to discover loss thereunder had expired; provided:

- (1) The indemnity afforded by this General Agreement B shall be a part of and not in addition to the amount of insurance afforded by this bond;
- (2) Such loss would have been covered under this bond had this bond with its agreements, limitations, and conditions as of the time of such substitution been in force when the acts or defaults causing such loss were committed; and
- (3) Recovery under this bond on account of such loss shall in no event exceed the amount which would have been recoverable under this bond in the amount for which it is written as of the time of such substitution, had this bond been in force when such acts of defaults were committed, or the amount which would have been recoverable under such prior bond or policy had such prior bond or policy continued in force until the discovery of such loss, if the latter amount be smaller.

## THE FOREGOING INSURING AGREEMENT AND GENERAL AGREEMENTS ARE SUBJECT TO THE FOLLOWING CONDITIONS AND LIMITATIONS:

### BOND PERIOD, DISCOVERY

Section 1. This bond shall be effective from the beginning of the date set forth in Item 3 of the Declarations, standard time at the address of the Insured, and shall be in force (a) as to any Employee occupying any Position named in said Schedule during the period from the time set forth in such Item 3, and (b) as to any Employee occupying any Position added to said Schedule, as hereinafter provided, during the period from the beginning of the effective date of such addition and in either case continuing as to any such Employee until:

- (1) The termination of employment of such Employee;
- (2) the termination or cancellation of this bond as to such Employee or Position as hereinafter provided; or
- (3) The termination or cancellation of this bond as an entirety as hereinafter provided or in any other manner;

whichever shall first happen.

Loss is covered under this bond only if discovered not later than two years from the end of the Bond Period.

Subject to General Agreement 3, this bond applies only to loss sustained by the Insured through fraudulent or dishonest acts committed during the bond Period by any of the Employees.

### ADDITIONS TO SCHEDULE

Section 2. If the Insured shall request the surety to add to said Schedule the name of any Position not named therein, and the Surety shall elect so to do, the surety shall add the name of such Position to said Schedule by written acceptance, setting forth the amount of suretyship and the time from which effective.

### NEW POSITION—SAME DESIGNATION

Section 3. If any new Position bearing the same designation as that of any Position named in said Schedule or any acceptance notice shall be created by the Insured, such new Position shall be automatically added to said Schedule as of the effective date of creation thereof and in the amount set opposite the Position so named in said Schedule or said acceptance notice, provided the Insured gives the surety written notice of the creation of such Position within ninety (90) days after the date of creation thereof.

### NEW POSITION—DIFFERENT DESIGNATION

Section 4. If any new Position bearing a designation different from that of any Position named in the said Schedule or any acceptance notice shall be created by the Insured, such Position shall be auto-

matically added to the said Schedule as of the date of creation thereof and in the amount of Five Thousand Dollars (\$5,000.00), provided the Insured gives the Surety written notice of the creation of such position within ninety (90) days after the date of creation thereof, but the Surety's liability hereunder, if any by reason of any such notice, shall terminate as to any such Position at the expiration of ninety (90) days from the date of the creation thereof, unless prior thereto the Surety shall have added such Position to said Schedule by acceptance notice as herein provided.

### NOTICE AND PROOF OF LOSS

Section 5. Within a reasonable time after discovery by the Insured of any loss hereunder, the Insured shall give the Surety written notice thereof, and within 180 days, or any extension thereof as may be requested by the Insured and agreed to, in writing, by the Surety, after such discovery shall file with the Surety affirmative proof of loss itemized and sworn to on forms furnished by the Surety.

### RECOVERIES

Section 6. If the Insured shall sustain any loss covered by this bond which exceeds the amount of indemnity provided by this bond, the Insured shall be entitled to all recoveries (except from suretyship, insurance, reinsurance, security, or indemnity taken by or for the benefit of the Surety) by whomsoever made, on account of such loss under this bond until fully reimbursed, less the actual cost of effecting the same; and any remainder shall be applied to the reimbursement of the Surety.

### LIMIT OF LIABILITY

Section 7. Regardless of the number of years this bond shall continue in force and the number of premiums which shall be payable or paid, the Surety shall not be liable under this bond on account of any Employee for a larger amount, in the aggregate, than the amount stated opposite the position named in said Schedule occupied by such Employee or for which added thereto.

If any Employee occupying any Position named in the Schedule set forth under Item 4 of the Declarations, or added thereto, is, in the performance of the duties of such Position, authorized to sign or countersign checks or drafts of the Insured, herein called check signer and countersigner, respectively, or to certify vouchers which are to accompany such checks or drafts, herein called voucher certifier, the amount of indemnity applicable to such Position shall apply to any other

person or persons designated by the Insured to sign or countersign checks or drafts or to certify vouchers as an alternate to act only in the absence of such check signer, countersigner, or voucher certifier, as the case may be, but the liability of the Surety under this bond for acts or defaults by such Employee and such other person or persons is limited, in the aggregate, to the amount of indemnity specified herein applicable to such Employee performing the duties of such Position.

**LIMIT OF LIABILITY UNDER THIS BOND AND PRIOR INSURANCE**

Section 8. With respect to loss caused by any Employee which occurs partly during Bond Period and partly during the period of other bonds or policies issued by the Surety to the Insured or to any predecessor in interest of the Insured and terminated or canceled or allowed to expire and in which the period for discovery has not expired at the time any such loss thereunder is discovered, the total liability of the Surety under this bond and under such other bonds or policies shall not exceed, in the aggregate, the amount of indemnity stated opposite the Position named in said Schedule occupied by such Employee or for which added thereto, or the amount available to the Insured under such other bonds or policies, as limited by the terms and conditions thereof, for any such loss, if the latter amount be the larger.

**CANCELLATION**

Section 9. This bond shall be deemed canceled as to future acts of any Employee:

- (a) Immediately upon discovery of any fraudulent or dishonest act upon the part of such Employee with respect to the Insured.

to immediately report such knowledge to the Surety:

- (b) Upon the death, resignation, or removal of such Employee; or
- (c) At 12 o'clock night upon the effective date specified in a written notice sent by the Surety by registered mail to the Insured, which date shall be not less than thirty days after the last date borne by the sender's registry receipts.

This bond shall be deemed canceled as an entirety at 12 o'clock night upon the effective date specified in a written notice:

- (a) Mailed by the Insured to the Surety, or
- (b) Sent by the Surety by registered mail to the Insured.

Such date, if the notice be sent by the Surety, shall be not less than thirty days after the last date borne by the sender's registry receipts. The Surety, on request, shall refund to the Insured the unearned premium computed pro rata if this bond be canceled as an entirety.

**LEGAL PROCEEDINGS**

Section 10. No demand, suit, action, or proceeding of any kind to recover an account of loss under this bond shall be made or brought after the expiration of three (3) years from the cancellation of this bond as to the employee or employees causing such loss, or the cancellation of this bond as an entirety, whichever shall first happen, provided, however, that if such limitation for making a demand, bringing suit, action, or proceeding is prohibited or made void by any law controlling the construction of this bond, such limitation shall be deemed to be amended so as to be equal to the minimum period of limitation permitted by such law.

In witness whereof, the Surety has caused this bond to executed on the Declaration page.